

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 92-653-E - ORDER NO. 92-1039✓
DECEMBER 16, 1992

IN RE: Carolina Power & Light Company -) ORDER GRANTING
Application for Authority to) AUTHORITY TO ISSUE
Issue Additional Securities) ADDITIONAL SECURITIES
(Common Stock).) (COMMON STOCK)

This matter comes before the Public Service Commission of South Carolina (the Commission) upon Application of Carolina Power & Light Company (Company), filed on December 11, 1992, requesting authority to issue additional securities (common stock).

FINDINGS OF FACT

1. The Company's correct name and post office address is Carolina Power & Light Company, Post Office Box 1551, Raleigh, North Carolina 27602. The names and post office address of its attorneys are Adrian N. Wilson, Post Office Box 1551, Raleigh, North Carolina 27602, and Mary Nash K. Rusher, Post Office Box 109, Raleigh, North Carolina 27602. The Company is a corporation organized and existing under the laws of the State of North Carolina, with its principal office at 411 Fayetteville Street, Raleigh, North Carolina, where it is engaged in the business of generating, transmitting, delivering, and furnishing electricity to the public for compensation.

2. The Company's capital stock outstanding at September 30, 1992 consisted of 80,368,261 shares of Common Stock with a stated value of \$1,622,277,000 and 2,387,259 shares of Preferred Stock having a stated value of \$238,118,000. As of September 30, 1992, the retained earnings of the Company were \$1,149,247,000.

The Company's existing long-term debt at September 30, 1992 amounted to principal amounts of \$2,416,195,000 in First Mortgage Bonds were issued under and pursuant to an Indenture of Trust dated as of May 1, 1940, duly executed by the Company to The Bank of New York (formerly Irving Trust Company), as Corporate Trustee, and Frederick G. Herbst, as Individual Trustee, succeeded by W. T. Cunningham, who presently is acting as Individual Trustee, as supplemented by fifty-six Supplemental Indentures.

3. Pursuant to the provisions of its Charter and for the purposes hereinafter stated, the Company proposes to issue 87,751,787 additional shares of its Common Stock (the "Additional Shares") for the purpose of effecting a two-for-one split of its existing outstanding Common Stock and Common Stock previously reserved for issuance under the Company's various stock plans. In May 1992, the stockholders of the Company approved an increase in the authorized number of shares of Common Stock from 100,000,000 to 200,000,000. The amendment to the Company's Charter authorizing 100,000,000 additional shares of Common Stock is attached to the Company's Application as Exhibit A. The Board of Directors has previously approved the issuance of 80,368,261 shares, representing the number of shares of Common Stock currently outstanding, and has

reserved 7,383,526 shares for issuance under the Company's various stock plans.

The Company anticipates that the record date for the stock split will be January 11, 1993, and that the distribution date for the Additional Shares will be February 1, 1993.

4. The Company believes that the proposed stock split is in the best interests of the Company and its shareholders in that it is expected to continue to make investment in Company Common Stock attractive to a broad range of investors. Over twenty electric utilities have engaged in similar stock splits in 1992. The Company's current price of approximately \$53.00 per share for its Common Stock is the highest in the electric utility industry, where prices average about \$30.00 a share. The proposed stock split will put the Company's per share price much nearer to that average, and is expected to contribute to an increase in and broadening of the shareholder base.

5. The holders of the Common Stock have exclusive voting rights (except under certain circumstances when the Company's obligations to its Preferred and Preference stocks may be in arrears or as otherwise provided by law) on the basis of one vote per share. The Common Stock has no preemptive or conversion rights and there are not redemptive or sinking fund provisions applicable thereto. The outstanding Common Stock is, and the Additional Shares of Common Stock issuable pursuant to the stock split will be, listed on the New York Stock Exchange and the Pacific Stock Exchange.

6. Attached to the Company's Application as Exhibit B are a Balance Sheet of the Company as of September 30, 1992, an Income Statement of the Company for the twelve months ended September 30, 1992, and Statements of Cash Flows for the twelve months ended September 30, 1992 and 1991.

7. No Registration Statement is required to be filed with the Securities and Exchange Commission in connection with the issuance of additional stock in a two-for-one split.

8. Pursuant to Order No. 91-72 in Docket No. 91-032-E, the Commission requires all electric utilities to provide information responsive to certain questions listed in the Order. The Company hereby responds to each of those questions as follows:

- a. The only effect of the proposed issuance of the Additional Shares on the Company's Income Statement is a change in Earnings Per Share. The effect on Earnings Per Share for the twelve months ending September 30, 1992 would be a change from \$4.50 per share to \$2.25 per share. There will be no effect on the balance sheet of the Company.
- b. There will be no proceeds from the issuance of the Additional Shares. The Additional Shares will be distributed to the owners of the outstanding shares of the Company's Common Stock or reserved for issuance under the Company's various stock plans.

- c. If the proposed issuance of Additional Shares is not approved, the Company will be unable to obtain the benefits of a lower stock price as outlined above. If approval is delayed, the Company will not be able to distribute the shares to the current holders with the regular dividend payment on February 1, 1993.
- d. At September 30, 1992, the book value of the Company's Common Stock was \$34.47. Following the two-for-one split, the book value of the Common Stock will be \$17.24. At the close of business on December 8, 1982, the market price of the Company's Common Stock was \$53.00 per share. Using that price, the price of the Common Stock following the two-for-one split will be \$26.50 per share. It is not expected that the market price of the Common Stock of the Company will be significantly different on the anticipated issue date of February 1, 1993.
- e. The issuance of the Additional Shares in a two-for-one split benefits the Company by enabling it to achieve the purposes set forth in subsection b. above. The expenses for the issuance of the Additional Shares of Common Stock are estimated to be \$500,000.
- f. There is no impact of the proposed issuance on the Company's capital structure at September 30, 1992.

9. Approval of this Application does not bind the Commission as to the ratemaking treatment of this issuance.

10. This Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

CONCLUSIONS

From a review and study of the Application, its supporting data, and other information in the Commission's files, the Commission is of the opinion and so finds that the proposed issuance of Additional Shares is a two-for-one split of the Company's current outstanding Common Stock and Common Stock reserved for issuance under the Company's stock plans:

- (i) Is for a lawful object within the corporate purposes of the Company;
- (ii) Is compatible with the public interest;
- (iii) Is necessary and appropriate for and consistent with the proper performance by the Company of its service to the public as a utility;
- (iv) Will not impair the Company's ability to perform its public service; and
- (v) Is reasonably necessary and appropriate to provide adequate funds for such corporate purposes.

IT IS THEREFORE ORDERED AS FOLLOWS:

1. That Carolina Power & Light Company be and it hereby is authorized, empowered and permitted to issue 87,751,787 Additional Shares of the Company's Common Stock in a two-for-one stock split, 80,368,261 of which will be distributed to the holders of the outstanding shares of the Company's Common Stock, and the remaining 7,383,526 of which will be held in reserve for issuance under the Company's stock plans.

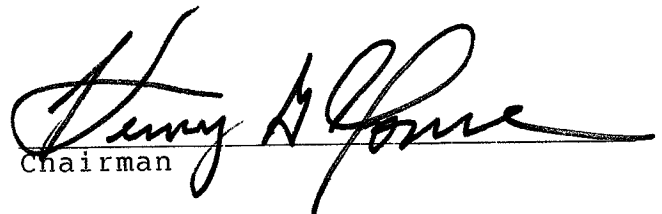
IT IS ALSO ORDERED:

1. Approval of this Application does not bind the Commission as to the ratemaking treatment of this issuance.

2. This Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

3. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Deputy Executive Director

(SEAL)